

"Using Coal Cars as Poker Chips"

By WILLIAM B. COLVER

FREQUENTLY we hear it urged that if all statute law were repealed and all regulation were removed the "natural law of supply and demand" would solve all difficulties. This, to my mind, rests on no firmer foundation than to say that a repeal of all the traffic regulations would leave our streets perfectly safe and free through the operation of "nature's first law"—self-preservation, because nobody would get into a street accident lest he himself be hurt or killed.

Things are not quite so simple as that.

The "law of supply and demand" does not work automatically and will not work at all without transportation. For transportation is the connecting link between supply and demand and unless supply can be carried to demand the law of supply and demand is paralyzed.

The coal situation, unless remedied, means untold suffering and industrial shutdowns in the Northwest next winter. The industries of New England are actually closing down now, in midsummer, for lack of coal. The number of open top cars delivered at the coal mines is now and always has been, the absolute measure of the possible production of the mines. And in the month of June, the most favorable from a weather standpoint, both as to production and transportation, the coal mines by and large were allotted about 15 per cent of the cars which they needed, the coal miners nominally receiving a wage so high as to seem unheard of and being able to work only one day a week, see their families going hungry. A scale of wages per hour does not mean much unless we know how many hours are to be worked or how many days.

Margin per ton to the producer or distributor may mean profiteering or it may mean an actual loss, depending entirely upon volume of business.

Since 1916 you have heard a continual clamor about "car shortage" and that is taken to mean that there are not enough cars and that the poor starved railroads ought to have more cars. The fact is that if the available open top cars, after liberal allowance to other industries requiring such cars had been made, were loaded with coal and moved at canal boat speed, being allowed 20 days for a round trip and being allowed shop-time for repairs in excess of the requirements of experience, there are enough cars now on the tracks to move all the coal that this country could possibly use and have a surplus equipment which would take care of over 50 million additional tons or nearly a 10 per cent overload factor of safety.

Within a few days we will begin to harvest a new crop of wheat and 20 per cent of their last year's crop is still in the hands of Kansas farmers because they have not been able to get cars to move that wheat. Other sections of the country are similarly situated. The farmers have borrowed money on the 1919 wheat. The bankers cannot finance the 1920 crop until the loans on the 1919 crop are paid. Those loans cannot be paid unless the grain can get to market. And yet we hear predictions of \$25 flour and 25 cent bread.

Hundreds of millions of working capital and credit are tied up in goods and commodities which can not be moved to market—and prices mount higher and higher not because there are not goods to supply the demand, but because the goods cannot be shipped to market. Capital is tied up; credit grows tight; business hesitates and coal cars are hauling the 1920 crop of automobiles!

So far as I know, there is just one thing upon which both the believers in private ownership of railroads and the believers in government ownership of railroads fully and absolutely agree. It is that maximum efficiency can only be had from the railroads of the country if these railroads are one operating unit.

So long as the railroads are operated separately, with separate ownership of motive power and

This article, from an address by William B. Colver, of the Federal Trade Commission, is valuable because of the bearing which it has on the solution of the problem of a coal shortage.

In a discussion of the coal shortage in THE DEARBORN INDEPENDENT, it has been shown that much trouble is due to the fact that the mines cannot get cars.

The railroads have passed the buck to the government by declaring that the rolling stock of the roads was allowed to depreciate during the period of government operation.

Mr. Colver's statement constitutes not only a reply to that charge but an indictment of present railroad methods of operation.

rolling stock, no railroad, not even the richest one, can operate profitably and with reasonable rates if it has to supply itself with a motive power and rolling stock equipment capable of taking care of its peak load.

The greatest commodities of the country are produced and consumed seasonally and sectionally. When the railroads are operated separately, there are stated times in the year when much of the equipment of each road lies idle and there are other times and seasons in the year when all its equipment falls short of the requirements of the traffic of any given road. The rolling stock, and more especially the motive power equipment, under separate operation, is divided up into watertight compartments. If the government is to supply the credit for a great increase in the number of locomotives and cars and if the millions and millions of dollars which have been set aside for that purpose are employed by treating the railroads as separate operating entities, in the end no road will have, or can afford to have, a complete and adequate equipment, and we will only have put, out of the public purse, a little more in each watertight compartment with a very fair chance of having accomplished nothing more than an addition to seasonal and regional congestion.

If the government is to aid the railroads in obtaining more locomotives and more cars, it would seem to me that the interest of the public and of the roads would best be served by having this additional and government-supplied equipment handled as a unit so that it may be mobilized in those sections of the country where seasonal movements of freight are on.

This does not necessarily mean government owner-

ship or government operation. It means handling this government-supplied equipment just as the Pullman cars are handled.

This week the peak load supply of Pullmans are mobilized at San Francisco. A month ago they were mobilized at Chicago. In the wintertime they are mobilized in Florida and Southern California. In the summertime they are mobilized around Atlantic City and the Maine coast and on the fourth of March every four years they are mobilized at Washington.

The surplus Pullmans are mobilized sectionally and seasonally to meet extraordinary traffic and having met it, they are hurried away to meet the next emergency. It is just as possible to handle this proposed new supply of rolling stock and motive power in that way as it is to handle the Pullmans that way.

Under separate operation a car, when it gets off its home road with cargo, must, when unloaded, be started for home; with a new cargo if possible, but empty if need be, and without the slightest regard for any sectional or seasonal movement or need; without the least regard for the good of the railroad business or of the public service.

It would be interesting to try a sliding scale of freight rates conditioned on expedition of service. Suppose a shipper were allowed a rebate on his freight rate for each day of delay—just as you get a dollar back if your 18-hour train is an hour late between Chicago and New York. Under guise of damage claims that device is now in operation with respect to refrigerated freight. Did you ever see a train of refrigerator cars "laid out" for a coal train? Or a passenger train?

Separate operation of the railroads in private hands utterly broke down when the strain of war was thrown upon them. Five or six boards of railroad executives attempted one after another, unsuccessfully, to meet the war load and one by one each board failed dismally. At the end of government operation the roads went back into private hands, and separate operation being resumed, broke down again in less than 90 days.

It is easy to interpose as an explanation that on March 1 the Railroad Administration turned back the roads as mere piles of junk, but the figures do not bear out this statement.

The percentage of locomotives fit for service at the end of government operation was greater than it was at the same time in 1916 and the percentage of cars in repair and fit for service was likewise in favor of the Railroad Administration.

Under unified operation in 1918, and with substantially the same equipment, the Railroad Administration freight tonnage was 403 billion as against 277 billion tons in 1915 under separate, private operations.

I hope that when the United States buys \$200,000,000 of new equipment for the railroads that equipment will not be used that way. I hope cars will be charged to the road on whose tracks they go at a fair but stiff rental for each day. I hope that a higher demurrage charge, mounting swiftly to severe penalties, will compel the shipper to load and unload with all speed. I hope reconsignment will be limited strictly to its use and that its abuse will be made impossible. As a single instance of such abuse I hear of 100 cars of coal held on sidings near a coal-hungry city and awaiting reconsignment to the highest bidder. This coal was held so long that on some cars a dollar a ton of demurrage had accumulated. This demurrage, to be paid in the end by the consumer, represents a dead loss and a holding out of use of badly needed coal cars. It is using coal cars as poker chips instead of using them for transportation.



THE GRAND CANYON OF AMERICA

Chicago Daily News

Settling Canadian Veterans on the Land

Concluded from page 10

At first the benefits of the Soldier Settlement Act were confined to soldiers who had served in the Canadian army or had been resident in Canada before the war. But at the end of 1920 it was decided to extend its scope to ex-service men of the British army. But special precautions were taken to insure that only picked soldier emigrants, who would be certain to make a success in Canada, should come over.

Two expert agriculturists, Messrs. W. E. Scott and Russell Wilson, were sent over to Great Britain in February and intrusted with the task of examining the qualifications, agricultural and otherwise, of British veterans who were applying for the benefits of the act. Obtaining the co-operation of prominent people in different localities, they held 83 sessions in many parts of Great Britain and examined each applicant most rigidly. Previous agricultural experience was not indispensable but such as possessed it were given a

preference. For a variety of reasons they rejected large numbers of applicants, but passed 629, many of whom are now in Canada.

Whether the selected veterans have previous farming experience or not, they will be required to spend one year gaining Canadian experience with some selected farmer. As soon as their year's training in Canada is completed they will appear before another board who will decide whether they are fit to handle a farm of their own and secure the benefits of the act. Each British soldier-settler has been required to make a deposit of \$1,000 with the board as a guaranty of his good faith and this will be applied on the purchase of his land or returned to him if he fails to qualify.

The overseas board has suspended its operations for the current year as it is considered inadvisable to bring over new settlers when winter is coming within sight

and it might be difficult to place them on farms for their preliminary training. But a very valuable class of men has been secured and most of them possess much more capital than the \$1,000 deposit which they have put up. Many could afford to buy land on their own account but they desire to take advantage of the protection of the government in the matter of training and supervision during their early years in the Dominion.

The work will be resumed next spring and in time the principle of selection which has been first introduced by Canada may be extended to apply to all immigrants. This autumn Australia and New Zealand are starting similar work in Britain. But Canada will always have an advantage over the other dominions in a competition for settlers because she lies so much nearer to Britain and offers a choice of greater varieties of climate and farming conditions.